

The three compliance categories recognized by 49 U.S.C. 32903(g)(6) are domestically manufactured passenger automobiles, imported passenger automobiles, and non-passenger automobiles ("light trucks").

Credit holder (or holder) means a legal person that has valid possession of credits, either because they are a manufacturer who has earned credits by exceeding an applicable fuel economy standard, or because they are a designated recipient who has received credits from another holder. Credit holders need not be manufacturers, although all manufacturers may be credit holders.

Credits (or fuel economy credits) means an earned or purchased allowance recognizing that the average fuel economy of a particular manufacturer's vehicles within a particular compliance category and model year exceeds that manufacturer's fuel economy standard for that compliance category and model year. One credit is equal to $\frac{1}{40}$ of a mile per gallon above the fuel economy standard per one vehicle within a compliance category. Credits are denominated according to model year in which they are earned (vintage), originating manufacturer, and compliance category.

Expiry date means the model year after which fuel economy credits may no longer be used to achieve compliance with fuel economy regulations. Expiry Dates are calculated in terms of model years: for example, if a manufacturer earns credits for model year 2011, these credits may be used for compliance in model years 2008–2016.

Fleet means all automobiles that are manufactured by a manufacturer in a particular model year and are subject to fuel economy standards under 49 CFR parts 531 and 533. For the purposes of this regulation, a manufacturer's fleet means all domestically manufactured and imported passenger automobiles and non-passenger automobiles ("light trucks"). "Work trucks" and medium and heavy trucks are not included in this definition for purposes of this regulation.

Light truck means the same as "non-passenger automobile," as that term is defined in 49 U.S.C. 32901(a)(17), and as

"light truck," as that term is defined at 49 CFR 523.5.

Originating manufacturer means the manufacturer that originally earned a particular credit. Each credit earned will be identified with the name of the originating manufacturer.

Trade means the receipt by NHTSA of an instruction from a credit holder to place one of its credits in the account of another credit holder. A credit that has been traded can be identified because the originating manufacturer will be a different party than the current credit holder. Traded credits are moved from one credit holder to the recipient credit holder within the same compliance category for which the credits were originally earned. If a credit has been traded to another credit holder and is subsequently traded back to the originating manufacturer, it will be deemed not to have been traded for compliance purposes.

Transfer means the application by a manufacturer of credits earned by that manufacturer in one compliance category or credits acquired by trade (and originally earned by another manufacturer in that category) to achieve compliance with fuel economy standards with respect to a different compliance category. For example, a manufacturer may purchase light truck credits from another manufacturer, and transfer them to achieve compliance in the manufacturer's domestically manufactured passenger car fleet. Subject to the credit transfer limitations of 49 U.S.C. 32903(g)(3), credits can also be transferred across compliance categories and banked or saved in that category to be carried forward or backwards later to address a credit shortfall.

Vintage means, with respect to a credit, the model year in which the credit was earned.

[74 FR 14452, Mar. 30, 2009, as amended at 75 FR 25727, May 7, 2010]

§ 536.4 Credits.

(a) *Type and vintage.* All credits are identified and distinguished in the accounts by originating manufacturer, compliance category, and model year of origin (vintage).

(b) *Application of credits.* All credits earned and applied are calculated, per

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49 U.S.C. 32903(c), in tenths of a mile per gallon by which the average fuel economy of vehicles in a particular compliance category manufactured by a manufacturer in the model year in which the credits are earned exceeds the applicable average fuel economy standard, multiplied by the number of vehicles sold in that compliance category. However, credits that have been traded between credit holders or transferred between compliance categories are valued for compliance purposes using the adjustment factor specified in paragraph (c) of this section, pursuant to the “total oil savings” requirement of 49 U.S.C. 32903(f)(1).

(c) *Adjustment factor.* When traded or transferred and used, fuel economy

credits are adjusted to ensure fuel oil savings is preserved. For traded credits, the user (or buyer) must multiply the calculated adjustment factor by the number of its shortfall credits it plans to offset in order to determine the number of equivalent credits to acquire from the earner (or seller). For transferred credits, the user of credits must multiply the calculated adjustment factor by the number of its shortfall credits it plans to offset in order to determine the number of equivalent credits to transfer from the compliance category holding the available credits. The adjustment factor is calculated according to the following formula:

$$A = \frac{VMT_u * MPG_{ae} * MPG_{se}}{VMT_e * MPG_{au} * MPG_{su}}$$

Where:

A = Adjustment factor applied to traded and transferred credits.

VMT_e = Lifetime vehicle miles traveled as provided in the following table for the

model year and compliance category in which the credit was earned;

VMT_u = Lifetime vehicle miles traveled as provided in the following table for the model year and compliance category in which the credit is used for compliance;

Model year	Lifetime vehicle miles traveled (VMT)						
	2011	2012	2013	2014	2015	2016	2017–2025
Passenger Cars	150,922	177,238	177,366	178,652	180,497	182,134	195,264
Light Trucks	172,552	208,471	208,537	209,974	212,040	213,954	225,865

MPG_{se} = Required fuel economy standard for the originating (earning) manufacturer, compliance category, and model year in which the credit was earned;

MPG_{ae} = Actual fuel economy for the originating manufacturer, compliance category, and model year in which the credit was earned;

MPG_{su} = Required fuel economy standard for the user (buying) manufacturer, compliance category, and model year in which the credit is used for compliance; and

MPG_{au} = Actual fuel economy for the user manufacturer, compliance category, and

model year in which the credit is used for compliance.

[74 FR 14452, Mar. 30, 2009, as amended at 75 FR 25727, May 7, 2010; 77 FR 64051, Oct. 18, 2012]

§ 536.5 Trading infrastructure.

(a) *Accounts.* NHTSA maintains “accounts” for each credit holder. The account consists of a balance of credits in each compliance category and vintage held by the holder.

(b) *Who may hold credits.* Every manufacturer subject to fuel economy standards under 49 CFR parts 531 or 533 is automatically an account holder. If the manufacturer earns credits pursuant to